

Message Text

LIMITED OFFICIAL USE

PAGE 01 BELGRA 06233 131104Z

20
ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 RSC-01

CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01 CIAE-00

COME-00 FRB-01 INR-05 NSAE-00 XMB-02 OPIC-03 LAB-04

SIL-01 L-02 H-01 DODE-00 PA-01 USIA-06 PRS-01 /079 W

----- 051657

R 130907Z DEC 74
FM AMEMBASSY BELGRADE
TO SECSTATE WASHDC 1459
INFO AMEMBASSY BONN
AMCONSUL ZAGREB

LIMITED OFFICIAL USE BELGRADE 6233

E.O. 11652: N/A
TAGS: PFOR, EFIN, EAID, YO, GW
SUBJ: WEST GERMAN - YUGOSLAV SIGN CREDIT AGREEMENT

REF: BELGRADE 0944

1. TANJUG, DEC 11, ANNOUNCED YUGOSLAV AND FRG GOVTS
HAVE FORMALLY SIGNED 700 MILLION DM CREDIT AGREEMENT THAT HAD
BEEN PREVIOUSLY AGREED UPON IN PRINCIPLE. ACCORDING TO TANJUG
CREDIT IS REPAYABLE OVER 30 YEARS AT 20 PERCENT INTEREST WITH NO
PAYMENTS DUE FOR TEN YEARS.

2. YUGOSLAV FEDERAL SECRETARY OF FINANCE MOMCILO CEMOVIC
QUOTED AS SAYING CREDIT AGREEMENT IS BASED ON JOINT COMMUNIQUE
ISSUED AFTER APRIL 1973 BRANDT VISIT TO YUGOSLAVIA (WHICH
SAID OPEN QUESTIONS FROM PAST SHOULD BE SOLVED THROUGH LONG-TERM
COOPERATION IN ECONOMIC AND OTHER SPHERES) AND AGREEMENT
FURTHERS COOPERATION IN SPIRIT OF COMMUNIQUE ISSUED AFTER TITO
VISIT TO FRG IN JUNE '74.

3. IN TANJUG COMMENT, DIPLOMATIC EDITOR VELIMER BUDIMIR
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BELGRA 06233 131104Z

WRITES IT IS PARTICULARLY SIGNIFICANT TO UNDERLINE DISTINCTLY

POLITICAL CHARACTER OF AGREEMENT, AS IT BOTH SOLVES PAST ISSUES AND OPENS DOOR FOR FUTURE COOPERATION. HE ADDS, AGREEMENT LIFTS A HEAVY MORTGAGE FROM YUGOSLAV-WEST GERMAN RELATIONS.

4. COMMENT: FORMAL SIGNING OF AGREEMENT IS FINAL STEP OF LONG PROCESS WORKING OUT PRACTICAL IMPLEMENTATION OF WHAT GERMANS TEND EMPHASIZE AS FORWARD LOOKING COOPERATION AND YUGOSLAVS AS INDEMNIFICATION FOR PAST, ALTHOUGH BOTH SIDES ACKNOWLEDGE ITS DKPL ASPECTS. CONCESSIONARY D-M CREDIT IN ITSELF (280 MILLION DM IN 1974 WITH 140 MILLION IN SUCCEEDING THREE YEARS) IS WELCOME BOOST TO YUGOSLAV FOREIGN EXCHANGE POSITION, DESPITE GOOD RESERVE LEVEL, IN YEAR WHERE CURRENT ACCOUNT DEFICIT MAY EXCEED \$1 BILLION AND FOREIGN LENDING BECOMING LESS ACCESSIBLE. ADDITIONALLY, YUGOSLAVS INTERPRET AGREEMENT AS RECOGNITION COMPENSATION DUE YUGOSLAVIA FOR NAZI-CAUSED SUFFERING AND DAMAGES IN WWII. PERHAPS MOST SIGNIFICANT TO YUGOSLAVS IS HOPE THAT FUTURE BILATERAL ISSUES MAY BE ADDRESSED IN SIMILAR SPIRIT OF COOPERATION. WEST GERMAN DIPLOMAT TOLD EMBASSY THAT DESPITE STANDARD CLAUSE ASKING SPECIAL CONSIDERATION FOR PRODUCTS FROM WEST BERLIN, CREDIT IS NOTNECESSARILY TIED TO PURCHASE OF GERMAN PRODUCTS, HOWEVER, AT LEAST ONE-HALF CREDIT IS EAR-MARKED FOR SPENDING ON HIGH-VOLTAGE ELECTRICAL TRANSMISSION GRID AND ONE-HALF FOR SPENDING ON COMMODITY IMPORTS, SO BROADLY DEFINED AS TO GIVE YUGOSLAVS "FREE HAND." GERMAN DIPLOMAT SAID BOTH SIDES AGREE THAT CREDIT "CLOSES PAST" AS FAR AS FINANCIAL EXPENDITURES FROM GERMAN BUDGET ARE CONCERNED.

TOON

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC COOPERATION, CREDIT AGREEMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 13 DEC 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974BELGRA06233
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740362-0625
From: BELGRADE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741238/aaaabgiw.tel
Line Count: 89
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 74 BELGRADE 0944
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 13 MAY 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <13 MAY 2002 by cunninfx>; APPROVED <27 MAR 2003 by CunninFX>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: WEST GERMAN - YUGOSLAV SIGN CREDIT AGREEMENT
TAGS: PFOR, EFIN, EAID, YO, GE
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005